

House of Representatives Commerce Committee  
Testimony of Maureen Krauss  
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Good morning, my name is Maureen Krauss and I am the Deputy Director of the Oakland County Department of Economic Development & Community Affairs. I have been an economic developer for the past 20 years and am the past President of the Michigan Economic Developers Association. I am here today to discuss Oakland County's support of Governor Granholm's \$2 billion bond proposal to promote the retention, expansion, and attraction of technology based businesses in Michigan, and in Oakland County.

As you all know, Oakland County has been the economic leader of the Michigan economy for the past seven years. Twenty five percent of all jobs created in the state were in Oakland County. We are proud of the fact that we have the environment that encourages the type of growth and the type of workforce that we have. However, the Annual Economic Outlook that is prepared by for us by U of M Economists George Fulton and Don Grimes indicates that we are merely breaking even. For every job that is created in Oakland County, it seems that another job is lost. We have felt the impact created by the loss of manufacturing jobs in this state. And we have not been sitting around waiting for the tide to turn, but have proactively been looking at alternatives for our residents and companies.

Eighteen months ago Oakland County Executive L. Brooks Patterson asked us to identify the new businesses of the new economy. EMERGING SECTORS BROCHURE

He wanted us to determine how can we take what we consider our greatest asset, our highly skilled technical workforce, and make them available to the Emerging Technology Companies? He also wanted us to look at what technologies that our existing companies are developing, and how else those could be used – for example:

Delphi – now medical devices division

Fanuc Robotics – 80% automotive applications, now 35%

Bosch – world's largest auto supplier – focus on alternative fuels

I have two of our business cases to show you for Nanotechnology and Medical Devices – both sectors that are connected to the automobile industry, but are a little different from what we are used to seeing in Michigan. We were amazed to see the research that is being done, as well as the number of companies already working in these sectors.

Brooks asked us to find these emerging companies and talk to them. We talked to Biotech companies in Germany last November; attended the largest Nanotechnology Trade Show in the country in May; presented a seminar on opportunities for Medical Devices companies just yesterday at a trade show in New York City; and will be attending a BIO Technology Show in Philadelphia next week. We also listened to the companies who are here. We noted some trends that I will to share with you now.

Consistently the companies identified three requirements for success:

- ◆ a well trained technical work force
- ◆ collaborations with state of the art research universities and institutes, and
- ◆ financial assistance in the early stages of development.

In the past, we did not hesitate to provide water and sewer lines to support manufacturing. Water and sewer has evolved into a new infrastructure. Let me briefly discuss what we found in each area.

**Well-trained technical work force:** In Oakland County, 40% of our workforce has a university or technical degree, which is 56% higher than the US average. This has served us well through the years, as we have been able to attract numerous research and development facilities to our area. In my career in economic development, work force availability has always been the number one issue for companies when they are looking to locate a facility, large or small. Supporting the educational institutions that provide our new workforce or retrain our existing workforce is essential to maintaining and attracting new companies to our area. OAKLAND SCHOOLS BROCHURE

**Collaborations with state of the art research universities and institutes** – We have learned from our companies that while Michigan offers tremendous opportunities for collaboration with our universities and institutes such as the Van Andel Institute, the challenge is to assist in the commercialization of their efforts. Encouraging these collaborations will benefit all technology based companies and allow the market forces to drive the process.

**Financing for emerging technology companies:** – One of the challenges faced by home grown technology companies or those we are trying to attract is the availability of financing. While these companies can present a compelling business case to a financial institution, the reality is that many of our programs and in fact our banking institutions themselves are still geared towards the old economy. We need to assist these Emerging Sector companies in finding the bridge money they need to succeed – not grants or give aways but matching programs, loans, or partnerships with venture capital firms that will give Michigan the edge in recognizing a new

type of business to be financed. Once again, this will benefit all businesses that choose to make Michigan their home.

No one doubts that we need to do something different in this state to encourage the growth of emerging industries and jobs. As an economic developer, my experience tells me we cannot choose for a company, they choose for themselves. My responsibility is to offer the best package possible. We believe the Governor's Bond Proposal gives us essential tools to place in front of business decision makers as they choose where to locate. Tools that will benefit all companies that choose to make Michigan their location. We need to look forward and move forward. Thank you.